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TAGS: ECON PREL ETRD EINV PINR XL AC

SUBJECT: FORMER ANTIQUAN DIPLOMAT EXPRESSES VIEWS ON
U.S.-CARICOM RELATIONS

REF: BRIDGETOWN 206

Classified By: DCM Mary Ellen T. Gilroy for reasons 1.4 (b) and (d).

¶1. (C) Summary: Sir Ronald Sanders, a prominent former Antiguan diplomat, paid a courtesy call on Ambassador Kramer to share his well-informed views. Sanders expressed the following opinions: Caribbean Ambassadors in Washington spend too much time at the OAS and not enough time engaging the USG; U.S. and CARICOM Foreign Ministers should meet regularly; Barbados Prime Minister Owen Arthur is the only PM pushing Caribbean economic integration; Cabinet officials in Antigua are pursuing the WTO case against the U.S. (over Internet gambling) for personal gain; and the Half Moon Bay resort in Antigua deserved to be expropriated because the Amcit owners refused to rebuild or sell the property. End Summary.

¶2. (SBU) Ambassador, DCM, and EconOff (notetaker) met March 22 with Sir Ronald Sanders, a former Antiguan High Commissioner to the U.K. who is now a prominent columnist and business executive. He requested a courtesy call on the Ambassador after his recent move to Barbados from the U.K. In a wide-ranging conversation, Sanders discussed CARICOM-U.S. Ministerials, the CARICOM Single Market and Economy (CSME), Antigua's WTO Internet gambling case against the U.S., and the Half Moon Bay expropriation case in Antigua.

Biographic Note

¶3. (SBU) Sanders is closely allied with the former Prime Minister of Antigua, Lester Bird, and the opposition Antigua Labor Party (ALP). He was the only one to resign from the Antiguan foreign service when current Prime Minister Baldwin Spencer defeated the ALP in early 2004. Sanders came across as a very knowledgeable and frank foreign policy realist. He is now out of government completely (part of the reason for his frankness) and writes a biweekly column that is syndicated in eleven Caribbean newspapers and three websites, including www.caribbeannetnews.com.

¶4. (SBU) Sanders was the lead negotiator on several bilateral agreements between the U.S. and Antigua, including that removing Antigua from the U.S. money laundering and tax evasion "blacklist," Article 98, and the beginning stages of

the WTO Internet gambling case. He was also Chairman of the Caribbean Financial Action Task Force, an anti-money laundering organization. In addition, Sanders was Chairman of the Board of the Swiss American Banking Group in Antigua and currently works for an American telecom company (he did not specify which one.)

CARICOM-U.S. Ministerials

¶ 15. (SBU) Sanders told the Ambassador that, as Antiguan High Commissioner to the U.K., he helped start regular U.K.-CARICOM meetings by working with former British Foreign Secretary Robin Cook. Sanders described the U.K.-CARICOM

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process as follows: Meetings at the High Commissioner/Foreign Minister level occur every six months, Foreign Ministers meet every year, and heads of government meet every two years on the margins of the Commonwealth Summit.

¶ 16. (C) Sanders lamented that no such system exists with the U.S., partly because Caribbean Ambassadors in Washington spend too much time at the Organization of American States (OAS) and not enough time engaging officials in various branches of the USG, particularly Congress. He also remarked that when CARICOM leaders land high-level meetings with the U.S. or U.K., they often waste the opportunity by sticking to rehearsed speeches instead of engaging in real dialogue.

CSME

¶ 17. (C) According to Sanders, Prime Ministers Baldwin Spencer of Antigua and Barbuda and Ralph Gonsalves of St. Vincent and the Grenadines were responsible for the OECS's failure to meet the January 1 CSME "launch" deadline (Ref A). He said the Prime Ministers of St. Kitts and Nevis and St. Lucia both wanted to move ahead, but Gonsalves and Spencer kept the OECS back for political reasons.

¶ 18. (C) Sanders grouped CSME opponents into two groups, inefficient protected industries and fierce nationalists. He believes these two groups make up a small portion of the population but keep many politicians (like Spencer and Gonsalves) from embracing the CSME. He criticized the insular, sovereignty-conscious attitude in the Eastern Caribbean as counterproductive, saying, "The only sovereignty they (Caribbean countries) exercise is against each other." In Sanders's view, Barbados PM Owen Arthur is the only Caribbean leader that truly understands the importance of regional integration.

Antigua - WTO Internet Gambling Case

¶ 19. (C) Sanders insinuated that Antigua and Barbuda Finance Minister Errol Cort, who is leading his country's WTO Internet gambling challenge against the U.S., has a large personal financial stake in the Antiguan gaming industry. He made similar allegations against Antiguan Attorney General Justin Simon, asserting that the case will not benefit ordinary Antiguans. Sanders said a close relative of Minister Cort is the head gaming regulator in Antigua. (Comment: This attack on Cort and Simon could be politically-motivated, as Sanders is a supporter of opposition leader Lester Bird. Although true, it seems strange for Sir Ronald, one of the people who initiated the WTO challenge, to say the case will not benefit ordinary Antiguans. End Comment.)

Case Background Note

¶10. (SBU) Antigua brought a WTO case against the U.S. in 2003 for allegedly defying our WTO General Agreement on Trade in Services (GATS) commitments by outlawing Internet gambling. USTR challenged this view and the issue went through the dispute settlement process. The case ended with a WTO panel ruling in April 2005 that granted the U.S. a partial victory. Although the panel said the U.S. was in violation of its GATS commitment to free trade in "other recreational services" which the panel interpreted to include gambling, they allowed the U.S. the right to prohibit Internet gambling to "protect morals and public order." According to USTR, the U.S. only has to change some off-track betting regulations to fully comply with the WTO ruling.

¶11. (SBU) Antiguan officials, however, claim the U.S. must offer Antiguan Internet gambling operators full access to the U.S. market. The WTO deadline for compliance in this case was April 3, 2006, but the U.S. did not pass any legislation to comply by that date. The case should have little practical benefit for Antigua. Antigua's Internet gambling business is thriving despite the U.S. prohibition and over ninety percent of the customers are Americans. As the Ambassador reminded Sanders, if the U.S. were to legalize Internet gambling, Las Vegas-based firms would likely overwhelm the market and crowd out Antigua's Internet gambling operators. For this reason, and because most of the Internet gambling operations in Antigua are foreign-owned, paying little or no tax, there would not be much of a benefit to the average Antiguan accruing from an Antiguan victory in this case.

Half Moon Bay

¶12. (C) When the DCM asked his opinion on the Half Moon Bay expropriation case, Sanders quipped, "That case will be with you for a long time." He expressed doubt that HMB managing director Natalia Querard would be willing to negotiate with the GOAB. In his opinion, the GOAB past and present has done all that it can to work with Querard, but she has been

unwilling to work with the GOAB. He remarked that she "took the insurance money and did not rebuild." (Note: "The insurance money" refers to a settlement Querard allegedly obtained after Hurricane Luis severely damaged HMB in 1995. Querard contends that the insurance money was tied up in an internal dispute among HMB shareholders. End Note.)

Comment

¶13. (C) Although with a marked pro-Lester Bird bias, Sanders provided some valuable insight into the situation in Antigua and throughout the Caribbean. As a cautionary note, Sanders is linked to a bank under investigation. He used to be Chairman of Swiss/Israeli businessman Bruce Rappaport's Swiss American Banking Group in Antigua. Rappaport and the bank are at the center of a corruption probe that the new Antiguan government is conducting into the Lester Bird regime. Post will keep in contact with Sanders.

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